



House of Representatives

General Assembly

File No. 494

January Session, 2019

Substitute House Bill No. 7286

House of Representatives, April 8, 2019

The Committee on General Law reported through REP. D'AGOSTINO of the 91st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING HOME INSPECTORS AND APPRAISERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2019*) The Commissioner of
2 Consumer Protection or his or her duly authorized agent shall publish
3 and maintain a list of all home inspectors licensed pursuant to chapter
4 400f of the general statutes on the Department of Consumer
5 Protection's Internet web site. Such list shall be updated by the
6 commissioner, or his or her agent, on an annual basis.

7 Sec. 2. (NEW) (*Effective October 1, 2019*) (a) Lenders and their agents
8 shall compensate real estate appraisers certified or licensed pursuant
9 to chapter 400g of the general statutes at a rate that is customary and
10 reasonable for appraisal services performed in the market area of the
11 property being appraised. Evidence for such fees may be established
12 by objective third-party information, including, but not limited to,
13 government agency fee schedules, academic studies and independent
14 private-sector surveys. Fee studies shall exclude assignments ordered
15 by known appraisal management companies. For purposes of this

16 section, "lenders" and "agents" have the same meaning as provided in
17 12 CFR 226, as amended from time to time.

18 (b) Lenders and their agents shall be presumed to have complied
19 with the customary and reasonable fee requirement described in
20 subsection (a) of this section if such lenders and their agents: (1) Pay a
21 fee reasonably related to recent rates paid for comparable appraisal
22 services performed in the geographic market of the property, as
23 informed by the following factors: (A) The type of property, (B) the
24 scope of work, (C) the time in which the appraisal shall be performed,
25 (D) the appraiser's qualifications, (E) the appraiser's experience and
26 professional record, and (F) the appraiser's work quality, or (2) pay a
27 fee based on objective third-party information, including, but not
28 limited to, fee schedules, studies and independent surveys of recent
29 appraisal fees, excluding fees paid by appraisal management
30 companies.

31 (c) Lenders and their agents may arrive at an appraisal fee in a
32 manner not specified in subsection (a) or (b) of this section. Whether
33 such fee is customary and reasonable shall depend on all relevant facts
34 and circumstances, without a presumption of either compliance or
35 violation of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2019	New section
Sec. 2	October 1, 2019	New section

GL *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None**Explanation**

The bill requires the Department of Consumer Protection (DCP) to publish and maintain a list of home inspectors resulting in no fiscal impact to the state because DCP has the expertise and resources to carry out the provisions of the bill.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**sHB 7286*****AN ACT CONCERNING HOME INSPECTORS AND APPRAISERS.*****SUMMARY**

This bill requires “lenders and their agents” to compensate Department of Consumer Protection (DCP)-licensed or certified real estate appraisers at a rate that is “customary and reasonable” for the market area in which the property appraisal services are performed. (Federal law already imposes this requirement on loan transactions involving one-to-four family owner-occupied homes; it appears that the bill extends this requirement to all real estate transactions (commercial and residential) involving a “lender.”) (Under the bill, “lenders and their agents,” are defined the same way as they are for purposes of Regulation Z, the federal law implementing provisions of the federal Truth in Lending Act concerning consumer credit. But it appears that Regulation Z does not contain a definition of “lenders.”)

The bill also requires the DCP commissioner or her agent to publish and maintain on DCP’s website, and update annually, a list of all DCP-licensed home inspectors.

EFFECTIVE DATE: October 1, 2019

DETERMINING APPRAISER COMPENSATION

Under the bill, “customary and reasonable” fees may be established through third-party information, including government agency fee schedules, academic studies, and independent private sector surveys. The bill specifies that fee studies used as evidence must exclude assignments ordered by known appraisal management companies.

Under the bill, lenders and their agents are presumed to have complied with the bill’s fee requirements if they:

1. pay a fee reasonably related to recent rates paid for comparable appraisal services performed in the geographic market of the property, considering (a) property type, (b) scope of work, (c) timeframe for performing appraisal, and (d) the appraiser’s qualifications, experience, professional record, and work quality; or
2. pay a fee based on objective third-party information, including fee schedules, studies, and independent surveys of recent appraisal fees, excluding those paid by appraisal management companies.

The bill specifies that lenders and their agents may use other means to set appraiser fees and that determining whether those fees comply with the bill’s requirements depends on all relevant facts and circumstances; fees are not assumed to be in compliance or violation of the bill’s provisions.

The bill does not specify how appraisers can seek enforcement of the bill’s customary and reasonable fee requirements.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 16 Nay 0 (03/21/2019)